

CALL FOR PAPERS
ECONOMIC POLICY RESEARCH CENTRE
Financing Infrastructure Development under Decentralization in Uganda: Challenges and Opportunities

1. Introduction

Economic Policy Research Centre invites a call for research papers on financing infrastructure development under decentralization in Uganda. This call for papers is within the government of Uganda's framework to address the challenges in infrastructure and exploring the opportunities available to overcome them.

The study is funded by African Capacity Building Foundation (ACBF) and Economic Policy Research Centre (EPRC). The Macro Economics Department of EPRC shall coordinate the study.

2. Expression of interest

We are inviting interested individuals to submit their proposals of up 1000 words. The proposals can be on any of the selected topics as indicated in Annex 1. The details on the study of any of the topics have been highlighted in Annex 1 and any clarification can be obtained from Dr. Ssewanyana Sarah at ssewanyana@eprc.or.ug or at working hours from the office of Executive Director at EPRC. The proposal should include the following sections: introduction, research question, justification, policy relevancy, analytical methods, and conclusions.

Besides submitting a research proposal, please forward a copy of your resume, giving prominence to your publications.

3. Selection process

Two committees have been set up to ensure transparency, scientific rigor and policy relevance. These are: Technical Committee, and Policy Committee.

Representatives of EPRC, Local Government Finance Commission, Ministry of Finance, Planning and Economic Development, Capital Market Authority, Bank of Uganda and Ministry of Local Government constitute the Technical committee. Representatives of the Ministry of Local Government, MoFPED, EPRC and Faculty of Social Sciences and Bank of Uganda will constitute the policy committee.

Once your proposal is received, the technical committee will evaluate its relevance and more particularly to infrastructure financing as stated in Annex 1. The outcome of the evaluation together with any additional comments will be communicated to you.

If successful at the first stage, you will be invited to present your proposal to both the Scientific and the Policy committees. The committees will finally advise on emerging issues that require the researcher to pay attention to.

4. Deliverables and time lines

The following deliverables and timelines shall apply:

Deliverable	Timeline
Proposal submission deadline	30th June 2009
Notification of successful applicants, proposal presentation and commencement of the studies	24th July 2009
Submission of progress reports	31st August 2009
Submission of draft report	30 th September 2009
External peer reviews comments on the report	16 th October 2009
Response on comments made by external reviewers and revision of the report	13 th November 2009
National dissemination workshop	26 th November 2009

5. Remuneration

Successful applicants will receive a total of US\$4,000 in the following tranches; US\$2000 upon completion and submission of the first draft research paper, and US\$2000 upon acceptance for publication. The final paper remains a property of the EPRC.

6. Publications

Completed research papers will be published in high quality Book. Each research team must include at least one member of EPRC.

7. Submission and correspondence

All submissions and correspondences must be done by email. No hard copies will be accepted unless prior arrangements are made.

Submission of proposals, in MS Word, should be submitted by close of 30th June 2009 to Ssewanyana@eprc.or.ug with copies to eprc@eprc.or.ug

8. Committee compositions

Technical Committee

- Economic Policy Research Centre (EPRC)
- Local Government Finance Commission (LGFC)
- Ministry of Finance, Planning & Economic Development (MoFPED)
- Ministry of Local Government
- Capital Market Authority (CMA)
- Bank of Uganda (BOU)

Policy Review Committee

- Ministry of Local Government (MoLG)
- Ministry of Finance, Planning & Economic Development (MoFPED)
- Economic Policy Research Centre, Makerere University (EPRC)
- Faculty of Social Sciences
- Bank of Uganda (BOU)

Annex 1

Title: Financing Infrastructure Development under Decentralization in Uganda: Challenges and Opportunities

An Overview

The topics indicated below were drawn from challenges of financing infrastructure development in local governments in Uganda. Since the government adopted decentralization as a policy, it has continuously devolved responsibilities to local governments but with constraints in fiscal decentralization. This devolution of powers to local governments was to promote bottom-up planning which emphasizes community participation. It was believed that decentralization would lead to improved service delivery including infrastructure provision as well as achievement of sustainability. Although the principles are good, challenges have been experienced. For example, the devolution of responsibilities has created a lot of pressure on the available public resources in local governments and hence failing to maintain existing and finance new infrastructure. Although the country is showing signs of a stable and conducive investment environment, it now faces the best opportunity for growth but the question that still remains critical is whether or not local governments in particular have sustainable finances and whether infrastructure is being developed.

In Africa and Uganda in particular, local governments reveal the lack of sophisticated and modern machinery for mobilizing funds. Even in cases of traditional sources of finance, cases of tax evasion and avoidance, corruption of public officers, etc reduce the amount of revenue collected. Also noticeable is the lack of the utilization of private funds, especially through the capital markets.

The proposed topics were therefore structured to answer some of the questions raised in the context of the challenges that Uganda and local governments in particular are facing to finance infrastructure development. The topics focus on the planning as entry point into the financing of local government

projects, whether the financing of infrastructure is based on priority or political influence. The questions are also to be answered by analysis on the revenue enhancement efforts and what fiscal decentralization has achieved in Uganda. Similar questions are to be answered by analysis on the issuance of bonds, what are the implications on the economy and is the legal framework comprehensive enough to enable the issuance of bonds by local governments. The original idea focused on municipal councils but the analysis of the paper(s) can be extended to even districts with means (resource base) to undertake infrastructure development. The write up of the paper(s) should draw lessons from international practices.

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Proposed topics

1. The Political context of financing of infrastructure development in local governments: Lessons from Uganda.
2. Integrated planning and budgeting in local governments in Uganda: Strength and Weaknesses.
3. Revenue enhancement efforts in local governments: Emerging challenges and way forward.
4. The fiscal decentralization strategy in Uganda: Achievements and Challenges.
5. Operationalization of municipal bonds in Uganda: Opportunities and Challenges.
6. Financial deepening and regional perspective on infrastructure bonds for key sectors: Energy and Housing.
7. Characteristics of Uganda's financial sector: Options and Issues.
8. The issuance of municipal bonds in Uganda: Macroeconomic implications.
9. The issuance of municipal bond in Uganda: The legal perspectives.